

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

For expiration of this chapter, see Section 2270.0251.

CHAPTER 2270. PROHIBITION ON INVESTING PUBLIC MONEY IN CERTAIN
INVESTMENTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2270.0001. DEFINITIONS. In this chapter:

(1) "Active business operations" means all business operations that are not inactive business operations.

(2) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

(3) "Designated foreign terrorist organization" means an organization designated as a foreign terrorist organization by the United States secretary of state as authorized by 8 U.S.C. Section 1189.

(4) "Direct holdings" in a company means all securities of that company held directly by an investing entity in an account or fund in which an investing entity owns all shares or interests.

(5) "Inactive business operations" means the mere continued holding or renewal of rights to property previously operated to generate revenue but not presently deployed to generate revenue.

(6) "Indirect holdings" in a company means all securities of that company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by an investing entity, in which the investing entity owns shares or interests together with other investors not subject to this

chapter. The term does not include money invested under a plan described by Section 401(k) or 457 of the Internal Revenue Code of 1986.

(7) "Investing entity" means:

- (A) an entity subject to Chapter 2256;
- (B) the Employees Retirement System of Texas;
- (C) the Teacher Retirement System of Texas; and
- (D) the comptroller with respect to the comptroller's investment of state funds.

(8) "Listed company" means a company listed by the comptroller under Section 2270.0201.

(9) "Scrutinized company" means:

- (A) a company that:
 - (i) engages in scrutinized business operations described by Section 2270.0052; or
 - (ii) has been complicit in the Darfur genocide during any preceding 20-month period;
- (B) a company that engages in scrutinized business operations described by Section 2270.0102; and
- (C) a company that engages in scrutinized business operations described by Section 2270.0152.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0002. EXCEPTION. Notwithstanding any other law, a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Sudan, its federal sanctions regime relating to Iran, or any federal sanctions regime relating to a designated foreign terrorist organization is not subject to divestment or investment prohibition under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code,

Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0003. OTHER LEGAL OBLIGATIONS. With respect to actions taken in compliance with this chapter, including all good faith determinations regarding companies as required by this chapter, an investing entity is exempt from any conflicting statutory or common law obligations, including any obligations with respect to making investments, divesting from any investment, preparing or maintaining any list of companies, or choosing asset managers, investment funds, or investments for the entity's securities portfolios.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0004. INAPPLICABILITY OF CERTAIN REQUIREMENTS INCONSISTENT WITH FIDUCIARY RESPONSIBILITIES AND RELATED DUTIES. An investing entity described by Section [2270.0001](#)(7)(B) or (C) is not subject to a requirement of this chapter if the entity determines that the requirement would be inconsistent with the entity's fiduciary responsibility with respect to the investment of entity assets or other duties imposed by law relating to the investment of entity assets, including the duty of care established under Section [67](#), Article XVI, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0005. CONFLICT WITH OTHER LAW. To the extent of a conflict between this chapter and a provision of Chapter [404](#) or [2256](#) regarding an investing entity's investments, this chapter prevails.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0006. INDEMNIFICATION OF INVESTING ENTITIES, EMPLOYEES, AND OTHERS. In a cause of action based on an action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter, the state shall, without regard to whether the person performed services for compensation, indemnify and hold harmless for actual damages, court costs, and attorney's fees adjudged against, and defend:

(1) an employee, a member of the governing body, or any other officer of an investing entity;

(2) a contractor of an investing entity;

(3) a former employee, a former member of the governing body, or any other former officer of an investing entity who was an employee or officer when the act or omission on which the damages are based occurred;

(4) a former contractor of an investing entity who was a contractor when the act or omission on which the damages are based occurred; and

(5) an investing entity.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0007. NO PRIVATE CAUSE OF ACTION. (a) A person, including a member, retiree, and beneficiary of a retirement system to which this chapter applies, an association, a research firm, a company, or any other person may not sue or pursue a private cause of action against the state, an investing entity, an employee, a member of the governing body, or any other officer of an investing

entity, or a contractor of an investing entity, for any claim or cause of action, including breach of fiduciary duty, or for violation of any constitutional, statutory, or regulatory requirement in connection with any action, inaction, decision, divestment, investment, company communication, report, or other determination made or taken in connection with this chapter.

(b) A person who files suit against the state, an investing entity, an employee, a member of the governing body, or any other officer of an investing entity, or a contractor of an investing entity, is liable for paying the costs and attorney's fees of a person sued in violation of this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0008. RELIANCE ON COMPANY RESPONSE. The comptroller in administering this chapter and an investing entity may rely on a company's response to a notice or communication made under this chapter without conducting any further investigation, research, or inquiry.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

SUBCHAPTER B. GENERAL PROVISIONS RELATING TO INVESTMENTS IN SUDAN

Sec. 2270.0051. DEFINITIONS. In this subchapter:

(1) "Business operations" means engaging in commerce in any form in Sudan, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(2) "Complicit" means taking actions that have directly supported or promoted the genocidal campaign in Darfur, including:

(A) preventing members of Darfur's victimized population from communicating with each other;

(B) encouraging Sudanese citizens to speak out against an internationally approved security force for Darfur; or

(C) actively working to deny, cover up, or alter the record on human rights abuses in Darfur.

(3) "Government of Sudan" means the government in Khartoum, Sudan, which is led by the National Congress Party, formerly known as the National Islamic Front, or any successor government formed on or after October 13, 2006, including the coalition National Unity Government agreed upon in the Comprehensive Peace Agreement for Sudan. The term does not include the regional government of southern Sudan.

(4) "Marginalized populations of Sudan" includes:

(A) the portion of the population in the Darfur region that has been genocidally victimized;

(B) the portion of the population of southern Sudan victimized by Sudan's North-South civil war;

(C) the Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;

(D) the Nubian and other similarly underserved groups in Sudan's Abyei, Southern Blue Nile, and Nuba Mountain regions; and

(E) the Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(5) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including radar systems or military-grade transport vehicles or supplies or services sold or provided directly or indirectly to any force actively participating in armed conflict in Sudan.

(6) "Mineral extraction activities" includes exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys

or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating those activities, including by providing supplies or services in support of those activities.

(7) "Oil-related activities" includes:

(A) owning rights to oil blocks;

(B) exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil;

(C) constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or

(D) facilitating oil-related activities, including by providing supplies or services in support of the activities, except that the mere retail sale of gasoline and related consumer products is not an oil-related activity.

(8) "Power production activities" means any business operation that involves a project commissioned by the National Electricity Corporation of Sudan or another similar government of Sudan entity whose purpose is to facilitate power generation and delivery, including establishing power-generating plants or hydroelectric dams, selling or installing components for the project, and providing service contracts related to the installation or maintenance of the project, as well as facilitating those activities, including by providing supplies or services in support of those activities.

(9) "Social development company" means a company whose primary purpose in Sudan is to provide humanitarian goods or services, including medicine or medical equipment, agricultural supplies or infrastructure, educational opportunities, journalism-related activities, information or information materials, spiritual-related activities, services of a purely clerical or reporting nature, food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(10) "Substantial action" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new

business operations, undertaking significant humanitarian efforts on behalf of one or more marginalized populations of Sudan, or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0052. SCRUTINIZED BUSINESS OPERATIONS IN SUDAN. A company engages in scrutinized business operations in Sudan if:

(1) the company has business operations that involve contracts with or providing supplies or services to the government of Sudan, a company in which the government of Sudan has any direct or indirect equity share, a government of Sudan-commissioned consortium or project, or a company involved in a government of Sudan-commissioned consortium or project and:

(A) more than 10 percent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral extraction activities, less than 75 percent of the company's revenue or assets linked to Sudan involve contracts with or provision of oil-related or mineral extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government, and the company has failed to take substantial action; or

(B) more than 10 percent of the company's revenue or assets linked to Sudan involve power production activities, less than 75 percent of the company's power production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan, and the company has failed to take substantial action; or

(2) the company supplies military equipment in Sudan, unless:

(A) the company clearly shows that the military

equipment cannot be used to facilitate offensive military actions in Sudan; or

(B) the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict, including:

(i) using post-sale tracking of the equipment by the company;

(ii) obtaining certification from a reputable and objective third party that the equipment is not being used by a party participating in armed conflict in Sudan; or

(iii) selling the equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0053. SOCIAL DEVELOPMENT COMPANY. Notwithstanding any other law, a social development company that is not complicit in the Darfur genocide is not a scrutinized company under Section [2270.0001](#)(9)(A).

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

SUBCHAPTER C. GENERAL PROVISIONS RELATING TO INVESTMENTS IN IRAN

Sec. 2270.0101. DEFINITIONS. In this subchapter:

(1) "Business operations" means engaging in commerce in any form in Iran, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or

commerce.

(2) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including radar systems and military-grade transport vehicles.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0102. SCRUTINIZED BUSINESS OPERATIONS IN IRAN. A company engages in scrutinized business operations in Iran if:

(1) the company has business operations that involve contracts with or providing supplies or services to the government of Iran, a company in which the government of Iran has any direct or indirect equity share, a consortium or project commissioned by the government of Iran, or a company involved in a consortium or project commissioned by the government of Iran; or

(2) the company supplies military equipment to Iran.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

SUBCHAPTER D. GENERAL PROVISIONS RELATING TO INVESTMENTS IN CERTAIN FOREIGN TERRORIST ORGANIZATIONS

Sec. 2270.0151. DEFINITIONS. In this subchapter:

(1) "Business operations" means engaging in commerce in any form, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(2) "Terroristic equipment" means weapons, arms, military supplies, and equipment that readily may be used for

terroristic purposes or activities.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0152. SCRUTINIZED BUSINESS OPERATIONS WITH DESIGNATED FOREIGN TERRORIST ORGANIZATION. A company engages in scrutinized business operations with a designated foreign terrorist organization if:

(1) the company has business operations that involve:

(A) a contract with or providing supplies or services to a designated foreign terrorist organization;

(B) a company in which a designated foreign terrorist organization has any direct or indirect equity share;

(C) a consortium or project commissioned by a designated foreign terrorist organization; or

(D) a company involved in a consortium or project commissioned by a designated foreign terrorist organization; or

(2) the company supplies terroristic equipment to a designated foreign terrorist organization.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0153. LIST OF DESIGNATED FOREIGN TERRORIST ORGANIZATIONS. (a) The comptroller shall prepare and maintain a list of designated foreign terrorist organizations.

(b) The comptroller shall maintain the list by updating the list as necessary to reflect changes in the list of foreign organizations designated as foreign terrorist organizations by the United States secretary of state as authorized by 8 U.S.C. Section 1189.

(c) Not later than the 30th day after the date the

comptroller first prepares or updates the list of designated foreign terrorist organizations as required by this section, the comptroller shall:

(1) file the list with the presiding officer of each house of the legislature and the attorney general; and

(2) post the list on the comptroller's Internet website.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

SUBCHAPTER E. DUTIES REGARDING INVESTMENTS

Sec. 2270.0201. LISTED COMPANIES. (a) The comptroller shall prepare and maintain a list of all scrutinized companies. The list must be categorized according to:

(1) companies that are scrutinized companies under Section 2270.0001(9)(A);

(2) companies that are scrutinized companies under Section 2270.0001(9)(B); and

(3) companies that are scrutinized companies under Section 2270.0001(9)(C).

(b) In maintaining the list of scrutinized companies under Subsection (a), the comptroller may review and rely, as appropriate in the comptroller's judgment, on publicly available information regarding companies with business operations in Sudan, in Iran, or with designated foreign terrorist organizations, as applicable, including information provided by the state, nonprofit organizations, research firms, international organizations, and governmental entities.

(c) The comptroller shall update the list of scrutinized companies under Subsection (a) annually or more often as the comptroller considers necessary, but not more often than quarterly, based on information from, among other sources, those listed in Subsection (b).

(d) The comptroller shall:

(1) provide each list prepared or updated under this section to each investing entity; and

(2) post each list on the comptroller's Internet website.

(e) Not later than the 30th day after the date a list of scrutinized companies is provided, the comptroller shall file the list of scrutinized companies with the presiding officer of each house of the legislature and the attorney general.

(f) For purposes of the prohibitions and duties under this chapter, the date the comptroller posts on the comptroller's Internet website a list of scrutinized companies under this section is considered the date the comptroller receives notice of the list. Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0202. IDENTIFICATION OF INVESTMENT IN LISTED COMPANIES. Not later than the 30th day after the date an investing entity receives a list provided under Section 2270.0201, the entity shall notify the comptroller of the listed companies in which the entity owns direct or indirect holdings.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0203. NOTICE TO LISTED COMPANY ENGAGED IN INACTIVE BUSINESS OPERATIONS. For each listed company identified under Section 2270.0202 that is engaged in only inactive scrutinized business operations, the investing entity shall send a written notice informing the company of this chapter and encouraging the company to continue to refrain from initiating active business operations in Sudan, in Iran, and with designated

foreign terrorist organizations until it is able to avoid being considered a listed company. The investing entity shall continue the correspondence as the entity considers necessary, but is not required to initiate correspondence more often than semiannually.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0204. ACTIONS RELATING TO LISTED COMPANY ENGAGED IN ACTIVE BUSINESS OPERATIONS. (a) For each listed company identified under Section 2270.0202 that is engaged in scrutinized active business operations, the investing entity shall send a written notice informing the company of its listed company status and warning the company that it may become subject to divestment by investing entities.

(b) The notice shall offer the company the opportunity to clarify its Sudan-related, Iran-related, or designated foreign terrorist organization-related activities, as applicable, and shall encourage the company, not later than the 90th day after the date the company receives notice under this section, to either cease all scrutinized business operations as described by Sections 2270.0052, 2270.0102, and 2270.0152, or convert such operations to inactive business operations in order to avoid qualifying for divestment by investing entities.

(c) If, during the time provided by Subsection (b), the company ceases scrutinized business operations described by that subsection, the comptroller shall remove the company from the list of scrutinized companies and this chapter will no longer apply to the company unless it resumes scrutinized business operations.

(d) If, during the time provided by Subsection (b), the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions of this chapter relating to inactive business operations.

(e) If, after the time provided by Subsection (b) expires,

the listed company continues to have scrutinized active business operations, the investing entity shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except securities described by Section 2270.0207, according to the schedule provided by Section 2270.0206.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0205. ACTIONS RELATING TO LISTED COMPANY COMPLICIT IN GENOCIDE. (a) In this section, "complicit" has the meaning assigned by Section 2270.0051.

(b) For each company identified under Section 2270.0202 that has been complicit, the investing entity shall send a written notice informing the company of its listed company status and warning the company that it may become subject to divestment by the investing entity.

(c) The notice must require the listed company to refrain from taking any further action that would make it complicit.

(d) If, after receiving the notice under Subsection (b), the listed company takes additional action that makes the company complicit, the investing entity shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except securities described by Section 2270.0207, according to the schedule provided by Section 2270.0206.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0206. DIVESTMENT OF ASSETS. (a) An investing entity required to sell, redeem, divest, or withdraw all publicly traded securities of a listed company shall comply with the following schedule:

(1) at least 50 percent of those assets shall be removed from the investing entity's assets under management not later than the 270th day after the date the company receives notice under Section 2270.0204 or 2270.0205 or Subsection (b); and

(2) 100 percent of those assets shall be removed from the investing entity's assets under management not later than the 450th day after the date the company receives notice under Section 2270.0204 or 2270.0205 or Subsection (b).

(b) If a company that ceased scrutinized active business operations after receiving notice under Section 2270.0204 resumes scrutinized active business operations, the investing entity shall send a written notice to the company informing it that the entity will sell, redeem, divest, or withdraw all publicly traded securities of the scrutinized company according to the schedule in Subsection (a).

(c) An investing entity may delay the schedule for divestment under Subsection (a) only to the extent that the entity determines, in the entity's good faith judgment, that divestment from listed companies will likely result in a loss in value described by Section 2270.0208(a). If the entity delays the schedule for divestment, the entity shall submit a report to the presiding officer of each house of the legislature and the attorney general stating the reasons and justification for the entity's delay in divestment from listed companies. The report must include documentation supporting its determination that the divestment would result in a loss in value described by Section 2270.0208(a), including objective numerical estimates. The investing entity shall update the report every six months.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0207. INVESTMENTS EXEMPTED FROM DIVESTMENT. An investing entity is not required to divest from any indirect holdings in actively managed investment funds or private equity

funds. The investing entity shall submit letters to the managers of investment funds containing listed companies requesting that they consider removing those companies from the fund or create a similar actively managed fund with indirect holdings devoid of listed companies. If the manager creates a similar fund with substantially the same management fees and same level of investment risk, the investing entity shall replace all applicable investments with investments in the similar fund in an expedited time frame consistent with prudent fiduciary standards.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. 247), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 4, eff. May 23, 2017.

Sec. 2270.0208. AUTHORIZED INVESTMENT IN LISTED COMPANIES.

(a) An investing entity may cease divesting from or may reinvest in one or more listed companies if clear and convincing evidence shows that the value for all assets under management by the entity becomes equal to or less than 99.7 percent of the hypothetical value of all assets under management by the entity had the entity not divested from listed companies under this chapter.

(b) An investing entity may invest in a listed company as provided by this section only to the extent necessary to ensure that the value of the assets managed by the entity does not fall below the value described by Subsection (a).

(c) Before an investing entity may invest in a listed company under this section, the entity must provide a written report to the presiding officer of each house of the legislature and the attorney general setting forth the reason and justification, supported by clear and convincing evidence, for its decisions to cease divestment, to reinvest, or to remain invested in a listed company.

(d) The investing entity shall update the report required by Subsection (c) semiannually, as applicable.

(e) This section does not apply to reinvestment in a company that has ceased to be a listed company.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0209. PROHIBITED INVESTMENTS. Except as provided by Sections [2270.0002](#) and [2270.0208](#), an investing entity may not acquire securities of a listed company.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

SUBCHAPTER F. EXPIRATION; REPORT; ENFORCEMENT

Sec. 2270.0251. EXPIRATION OF CHAPTER. This chapter expires September 1, 2037.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0252. REPORT. Not later than December 31 of each year, each investing entity shall:

(1) file a publicly available report with the presiding officer of each house of the legislature and the attorney general that:

(A) identifies all investments sold, redeemed, divested, or withdrawn in compliance with Section [2270.0206](#);

(B) identifies all prohibited investments under Section [2270.0209](#); and

(C) summarizes any changes made under Section [2270.0207](#); and

(2) file a report with the United States presidential

special envoy to Sudan that identifies investments in Sudan identified in the report as required by Subdivisions (1)(A) and (B) and summarizes any changes made under Section [2270.0207](#) related to those investments.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.

Sec. 2270.0253. ENFORCEMENT. The attorney general may bring any action necessary to enforce this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 1375 (S.B. [247](#)), Sec. 2, eff. January 1, 2008.

Transferred, redesignated and amended from Government Code, Chapter 806 by Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 4, eff. May 23, 2017.